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IN ASSOCIATION WITH BRYAN CAVE,
A MULTINATIONAL PARTNERSHIP.
LONDON, ENGLAND

December 5, 2001

PUBLIC DOCUMENT

BY ELECTRONIC MAIL AND FIRST CLASS MAIL

Gloria Blue
Executive Secretary
TPSC
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Re: Section 201 Proceeding on Certain Steel Products; Comment of Tube
Products of India on Exclusion Requests Regarding Tubular Steel Products by
Katakura Steel Tube Co., Ltd. and Rothrist Tube (Switzerland) Inc.

Dear Ms. Blue:

Set forth below are the comments of Tube Products of India ("TPI"),¹ an Indian producer of steel tubes, on the product exclusion requests for certain precision drawn-over-mandrel ("DOM") tubes proposed by Katakura Steel Tube Co., Ltd. and Rothrist Tube (Switzerland) Inc. As described on page 1 of its November 13th exclusion request, Katakura seeks exclusion for certain welded, cold-drawn tubing produced to ASTM A-513 Type 6 specifications. Rothrist seeks exclusion of certain precision DOM tubes meeting the ASTM A-513 Type 5, ASTM A-513 Type 6 and the DIN 2393C standard, as described on pages 3 and 4 of its November 20th exclusion request. TPI supports the exclusion of such products because they constitute high-end products manufactured to stringent quality

¹ All statements of fact are those of TPI that TPI has provided to Bryan Cave LLP for the purpose of making these comments.

and tolerance specifications, the U.S. steel industry is unwilling or unable to satisfy U.S. demand for such products and because the low volume of DOM tube imports has not caused injury or threat of injury to the domestic DOM tube industry.

Like Katakura and Rothrist, TPI produces precision DOM tubing for U.S. consumers with high quality and tolerance specifications. TPI's DOM tubes are used in various types of manufactured goods that require high performance materials, including automobile parts, consumer goods and industrial equipment. All such tubes are subjected to heightened processing, finishing and testing standards prior to importation, which significantly increases value to the end-user by minimizing the need for additional processing of the tubes or by guaranteeing performance standards that exceed those of products available from domestic producers. For these reasons, any exclusion for precision DOM tubes should cover not only the tubes identified by Rothrist and Katakura, but all precision DOM tubes meeting ASTM A-513 Type 5, ASTM A-513 Type 6, and DIN 2393C standards. Products meeting these standards are all high quality, low volume products that domestic manufacturers have been unwilling or unable to produce in sufficient quantities to meet domestic demand, and so U.S. consumers must look to imports to satisfy their requirements. The imposition of trade remedies pursuant to Section 203 could effectively exclude imports of such tubes from the U.S. market and leave domestic consumers with an inadequate supply of such products.

I. TPI Tubes Conforming to ASTM A-513, Types 5 and 6:

TPI produces numerous small sizes of tubing conforming to ASTM A-513 Types 5 and Type 6 and has exported small quantities of such tubes to the United States over the past five years for use in specialty applications such as automotive parts and hydraulic cylinders. Such tubes are classified under HTSUS subcategories 7306.30.1000, 7306.30.5015, 7306.50.5030 and 7306.50.1000. As set forth in Exhibit 1, the total volume of TPI's exports of such products to the United States was [] metric tons between [] and [] metric tons between []. TPI's sales represent a small portion of the domestic market for DOM tubes as a whole, which TPI estimates as between 350,000 and 450,000 tons per year, filling requirements for high-end, specialty products.

TPI does not believe that comparable high-end products are available from U.S. producers because of the degree of additional finishing and testing to which TPI's tubes are subjected. TPI's A-513 Type 6 precision tubes for hydraulic cylinders, for example, are offered with a mirror finish in the inner diameter of the tube. The additional step of a mirror finish in the inner diameter is crucial for end-users seeking to eliminate the need for further honing or ball burnishing before transforming the tube into a finished product. TPI is unaware of any U.S. manufacturer that produces comparable tubes in any appreciable quantity conforming to such high standards.

Furthermore, based on feedback from TPI's U.S. customers, TPI's DOM tubes have been found to be of superior quality to domestically produced DOM tubes in terms of machinability and processing.

Any exclusion of A-513 Type 5, A-513 Type 6 and DIN 2393C tubes should not be limited to the types identified by Rothrist and Katakura. Like Rothrist and Katakura's products, the volume of imports of TPI's A-513 Type 5 and A-513 Type 6 precision tubes into the United States has been very small, and TPI's tubes cannot fairly be said to compete directly with U.S. products nor constitute a threat to the domestic industry. Any exclusion applicable to the tubes identified by Rothrist and Katakura should be broad enough to cover similar A-513 Type 5, A-513 Type 6 and DIN 2393C precision tubes manufactured by TPI. A certification accompanying imported goods identifying them as conforming to ASTM A-513 Type 5, ASTM A-513 Type 6 or DIN 2393C would be sufficient to segregate such high-quality, low volume imports from lower-grade tubes.

II. TPI Tubes Conforming to ASTM A-178A and ASTM A-214 Standards:

TPI also produces welded precision tubes for use in boilers that conform to the ASTM A-178A and ASTM A-214 standards and has exported such products to the United States over the past five years. As set forth in Exhibit 2, [] tons of such boiler tubes were imported into the United States by TPI's distributor between [] and [] tons between []

[]. Such tubes are classified under HTSUS number 7306.30.5010. Like TPI's A-513 Type 5,

A-513 Type 6 and DIN 2393C precision tubes, TPI's boiler tubes are high-end, specialty products that are produced to stringent customer requirements. TPI's boiler tubes are subjected to more severe testing than U.S.-made products, in order to ensure better quality and performance. TPI employs both eddy current testing and hydrostatic testing to test such tubes and subjects each boiler tube to cone testing to confirm the integrity of the weld and the body of the tube, a technique that U.S. mills normally apply only to randomly selected tubes in each production run. TPI knows of no U.S. mill that upholds such quality standards for its regular production.

Based on the low volume of imports and the unwillingness or inability of the U.S. industry to produce comparable high-grade boiler tubes, any exclusion for DOM tubes should include TPI's ASTM A-178A and ASTM A-214 boiler tubes. A certification accompanying imported goods identifying them as conforming to either standard would be sufficient to distinguish such high-quality, low volume imports from lower-grade tubes.

As pointed out in Rothrist's exclusion request, imports of precision DOM tubes were not identified by the domestic industry as a source of injury during the International Trade Commission's hearings, nor is there any apparent industry concern that imports are adversely affecting U.S. producers. The small volumes of imports involved have not increased in recent years and have not caused injury to the domestic industry. A recent letter from a major domestic producer to its customers reflects this situation, attributing the recent weakness in the domestic DOM industry to "over-capacity, low market prices, weak demand and financial challenges." See Exhibit 3. Noticeably absent is any mention of imports.

The exclusions requested above, therefore, are merited because, in light of the small quantity of imported tubes and lack of directly competitive high-quality domestic products, imported DOM tubes conforming to ASTM A-513 Type 5, ASTM A-513 Type 6, DIN 2939C, ASTM A-178A and ASTM A-214 have not and will not injure or threaten to injure the domestic tube industry.

Respectfully submitted,

/S/

Daniel M. Fisher-Owens
Kevin J. Wolf
BRYAN CAVE LLP

Counsel for Tube Products of India

EXHIBIT 1

[The exhibit sets forth the amounts of DOM tubes exported to the United States by TPI]

EXHIBIT 2

[The exhibit sets forth the amounts of boiler tubes exported to the United States by TPI]



LONE STAR STEEL COMPANY

November 2, 2001

Over the past several quarters, the domestic DOM industry has experienced dramatic change. After numerous years of strong market demand comes over-capacity, low market prices, weak demand and financial challenges.

During this down cycle, a particularly damaging industry practice has taken hold. A "one price fits all - price per pound" structure has completely infiltrated the DOM marketplace. While pricing in this manner may make the quotation process more expedient, it does not address the variation in cost that a manufacturer experiences while making changes between outside diameters and wall thicknesses. In short, the price per pound "mentality" is a formula for financial loss for producers of DOM tubing.

Lone Star Steel recognizes the need to move away from per pound pricing toward a mechanism that does address changes in manufacturing costs. The enclosed DOM base price matrix for .875" OD to 1.999" OD does just that.

Effective with all orders booked on or after Monday, November 5, 2001, Lone Star Steel will price this size range of DOM tubing as shown on the attached. The prices listed therein are for 10,000-pound releases of 1018 - 1026/ST52.3 DOM tubing in random lengths. Extra charges for requirements outside of this "base" offering are included.

Lone Star Steel will honor negotiated, firm prices within the term of the contract. Shipment of products within this size range and beyond the contract term will revert to the enclosed schedule.

We are reviewing the balance of our product offering and will publish similar price guides in the near future. If you have any questions about this or any other matter, please contact your local Lone Star Steel account manager.

Sincerely,

J. Craig Horan
Vice President, Sales
Specialty Tubing

Enclosures